



**Health Services**  
LOS ANGELES COUNTY

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**William Loos, MD**  
Acting Senior Medical Officer

June 8, 2006

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE CEQA FINDING, ESTABLISH CAPITAL PROJECTS,  
AUTHORIZE THE PURCHASE OF COMPUTED TOMOGRAPHY  
SCANNER EQUIPMENT AT FIVE DEPARTMENT OF HEALTH  
SERVICES FACILITIES, AND AUTHORIZE A SEVEN YEAR  
MAINTENANCE SERVICE AGREEMENT  
(C.P. Nos. 86840, 86841, 86842, 86843 and 86844)  
(2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> Districts) (3 Votes)**

JOINT RECOMMENDATIONS WITH THE CHIEF ADMINISTRATIVE  
OFFICER THAT YOUR BOARD:

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1. Find that the projects are exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301(a) and Class 1, Subsection (d) of the County of Los Angeles Revised Environmental Document Reporting Procedures and Guidelines, adopted by your Board on November 17, 1987.
2. Establish Capital Project No. 86840 for Harbor-UCLA Medical Center; Capital Project No. 86841 for Olive View-UCLA Medical Center; Capital Project No. 86842 for High Desert Health System; Capital Project No. 86843 for Rancho Los Amigos National Rehabilitation Center, and Capital Project No. 86844 for Martin Luther King, Jr./Drew Medical Center to install computed tomography scanner equipment and renovate rooms to accommodate the new equipment.
3. Authorize the purchase and installation of computed tomography scanner equipment as turn-key projects by the County Purchasing Agent at five Department of Health Services facilities at an estimated cost of \$28.3 million in Fiscal Year 2006-07.
4. Authorize the County Purchasing Agent to issue a three year agreement for maintenance which will cover the computed tomography scanners for an additional three years beyond the initial two year warranty period included in the purchase price, with two, two-year options for ongoing maintenance at a yearly estimated cost of \$1.7 million per year, for a total estimated cost of \$11.9 million.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

In approving the recommended actions, the Board is authorizing the Department of Health Services (DHS) to purchase major items of fixed asset equipment, specifically, computed tomography (CT) scanners at five DHS facilities. Two scanners each will be purchased for Harbor-UCLA Medical Center (Harbor), Martin Luther King, Jr./Drew Medical Center (King-Drew) and Olive View-UCLA Medical Center (Olive View) and one scanner each at Rancho Los Amigos National Rehabilitation Center (Rancho) and High Desert Health System (High Desert), a Multi-Service Ambulatory Care Center (MACC). These eight scanners will replace the current eight scanners in these facilities which are all well beyond the normal replacement cycle.

These requests comply with the County Equipment Policy that the Board approved on October 16, 2001, which requires Board approval prior to a department's purchasing/financing equipment with a unit cost of \$250,000 or greater. Additionally, the acquisition of room renovations and the extended maintenance services related to this system-wide procurement initiative exceed the service level authority of the County's Purchasing Agent and require Board approval. The recommended actions also establish new capital projects and approve funding for the Fiscal Year (FY) 2006-07 DHS Capital Projects Budget for room renovations to install the new equipment.

FISCAL IMPACT/FINANCING:

The FY 2006-07 acquisition cost of this project is estimated at \$28.3 million. Over the term of the maintenance agreement, it is estimated that savings from current maintenance and supplies costs will lower the acquisition cost to a net cost of \$26.5 million (Attachment B). The acquisition cost of \$28.3 million includes \$16.1 million for CT scanners, \$1.3 million for the rental of mobile CT scanners during construction, \$0.5 million to archive CT scans, \$6.3 million for construction costs, and \$4.1 million for contingency costs. The acquisition cost of this project was requested in the Department's FY 2006-07 Final Changes Budget Request with funding from the Tobacco Settlement funds. Ongoing maintenance costs of \$1.7 million per year will begin during FY 2009-10. Funding for current maintenance costs is included in the FY 2006-07 Proposed Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

These actions facilitate the purchase and installation of eight new CT scanners at five facilities. The CT scanners for LAC+USC Medical Center are being procured as part of the LAC+USC Replacement Facility project.

CT scanning remains the cornerstone of advanced medical imaging and is expected to continue to expand in importance. Exploratory surgery, once a common procedure, has been replaced by non-invasive scanning. CT scanners are a useful diagnostic tool for brain, spinal cord, cancer, heart, vascular, and abdominal disorders. In addition, they are increasingly used for image-guided diagnosis and therapy.

Presently, each of the five facilities own outdated, slow and inefficient, single-slice CT scanners that, on average, are more than 10 years old. Repairs are difficult to obtain because of the limited availability of parts and experienced repair technicians qualified to work on older equipment.

The current scanners cannot perform specific, non-invasive imaging evaluations such as brain angiography, perfusion, and heart imaging. Therefore, patients must undergo invasive imaging techniques when a non-invasive alternative exists. Faster, more reliable scanners will enhance physician ability to triage and treat patients through the Emergency Departments.

The new scanners are 32 and 64-slice CT technology that are capable of performing advanced procedures. The new multi-slice equipment will provide physicians higher quality images for diagnosis and treatment. The new scanners will allow the facilities to offer better care of stroke and cardiac patients and, where applicable, trauma center patients. The new scanners can perform coronary artery angiography non-invasively, thereby reducing invasive diagnostic cardiac catheterization. Current guidelines for Level I trauma centers from the American College of Surgeons require more robust scanning capabilities than are currently available at Harbor. This procurement will bring Harbor up to the current guidelines for CT scanning. The only other Level I trauma center is at LAC+USC Medical Center.

This procurement is being done on a system-wide basis with all the facilities' specifications being bid together for the equipment, construction, installation and maintenance. This approach is expected to result in fiscal benefits by having a single vendor bid competitively for multiple scanners and provides for operational, maintenance and computer interface advantages through standardization of equipment. This procurement strategy is expected to lower the total cost of ownership significantly compared with each facility selecting its own vendor. The projects will be designed in one phase and construction will be completed in two phases.

To expedite the scanner installations, a single vendor will be responsible for all aspects of the turn-key project. Additionally, the vendor will provide mobile CT scanning equipment at the five facilities during installation to avoid any service disruption. Each facility will manage the contractor's day-to-day activities, and the DHS Capital Projects Division will provide management oversight for the five projects to ensure completion on time and within budget.

The room renovations will include but are not limited to: demolition, seismic bracing, electrical, lighting, heating, ventilation, air conditioning, mechanical, plumbing, drywall and framing, cabinets, repainting, lead shielding, fire alarm, Americans with Disabilities Act compliance, asbestos abatement compliance, and ceiling and flooring systems as needed to permit the installation of the new equipment. Project completion and acceptance are expected in approximately 27 months following Board approval. Attachment A provides additional details.

Additionally, to reduce operational impacts, Senate Bill 1953 (SB 1953) seismic improvements at Harbor, Olive View and King-Drew are anticipated to be completed in conjunction with the replacement of the CT scanners based on approved drawings and estimates provided by the Department of Public Works in the amount of \$135,000 (Harbor: \$75,000; Olive View: \$40,000, and King-Drew: \$20,000).

These amounts are included in the construction costs of this project. SB 1953 work is not required at High Desert because the hospital was converted to a MACC. At Rancho, SB 1953 work is not required because the hospital consolidation project was approved by your Board on April 18, 2006.

Attachments A and B provide additional information.

#### Implementation of Strategic Plan Goals

These actions meet the County's Strategic Plan Goal of Service Excellence by promoting best practices for patient care and the Goal of Fiscal Responsibility by investing in the public infrastructure.

#### Consistency with DHS System Redesign

These actions meet DHS' strategic goals by improving health care provided by DHS and enhancing the health of the residents of Los Angeles County.

#### ENVIRONMENTAL DOCUMENTATION:

This project is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301(a) and the County of Los Angeles Revised Environmental Document Reporting Procedures and Guidelines as specified in Appendix C, Class 1, Subsection (d) adopted by your Board on November 17, 1987. Under this categorical exemption, interior and exterior alterations of a building involving such things as interior partitions, exterior parapets, placement of walls, veneer facings and installation of false or drop ceilings, plumbing and electrical conveyances and heating and refrigeration systems are exempt.

#### CONTRACTING PROCESS:

Acquisition of the equipment is within the statutory authority of the County's Purchasing Agent. Board approval is necessary for the Purchasing Agent to comply with the County Equipment Policy and proceed with solicitation and award of the turn-key project which includes the room renovation and extended service maintenance on the equipment.

The purchase will be requisitioned through and accomplished by the Purchasing Agent in accordance with the County's purchasing policies and procedures established by the Internal Services Department.

The Invitation for Bids solicitation includes contingency language if a DHS facility scheduled to receive a CT scanner ceases clinical operations prior to the installation of the scanner.

#### IMPACT ON CURRENT SERVICES (OR PROJECTS):

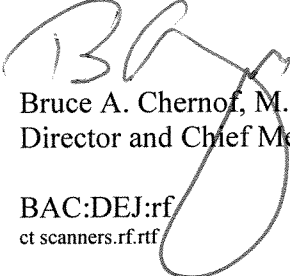
Approval of the requested actions will facilitate the procurement, installation, and maintenance of new CT scanner technology at four DHS hospitals and the MACC. This new equipment will bring

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the facilities up to the community standard of care in this area, improve patient flow, and lead to better patient care and outcomes.

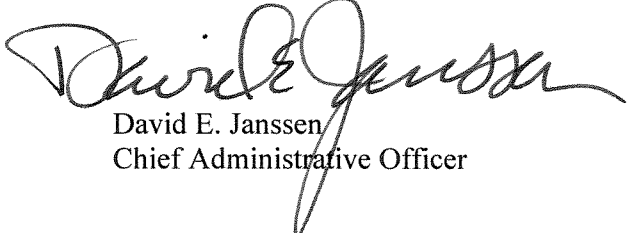
It is requested that the Executive Officer, Board of Supervisors, send adopted copies of this letter to DHS and the Chief Administrative Office, Capital Projects Division.

Respectfully submitted,



BAC:DEJ:rf  
ct scanners.rf.rtf

Bruce A. Chernof, M.D.  
Director and Chief Medical Officer



David E. Janssen  
Chief Administrative Officer

Attachments (2)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Internal Services Department  
Auditor-Controller

**ESTABLISH CAPITAL PROJECTS AND AUTHORIZE THE PURCHASE OF  
COMPUTED TOMOGRAPHY SCANNER EQUIPMENT AT FIVE DEPARTMENT OF  
HEALTH SERVICES FACILITIES (C.P. Nos. 86840, 86841, 86842, 86843 and 86844)**

**PROPOSED PLANNING SCHEDULE**

<b>PROJECT ACTIVITY</b>	<b>ESTIMATED COMPLETION DATE</b>	<b>DATE COMPLETED</b>
ISD releases Invitation for Bids.	04/20/06	04/20/06
Bid period ends.	06/05/06	06/05/06
Issue purchase orders.	08/25/06	
Complete construction documents.	02/19/07	
Obtain jurisdictional agency approval.	08/07/07	
Complete construction (Phases I and II).	06/30/08	
Beneficial occupancy.	08/01/08	
Clinical acceptance.	09/12/08	

**ESTABLISH CAPITAL PROJECTS AND AUTHORIZE THE PURCHASE OF COMPUTED  
TOMOGRAPHY SCANNER EQUIPMENT AT FIVE DEPARTMENT OF HEALTH SERVICES  
FACILITIES (C.P. Nos. 86840, 86841, 86842, 86843 and 86844)**

(\$ in Millions)

	Overall Cost					
	H/UCLA	K/DMC	RLA	OVMC	HDHS	Total
Estimated Purchase Cost <sup>(A)</sup>	\$ 3.953	\$ 3.906	\$ 1.528	\$ 3.952	\$ 1.514	\$ 14.853
Sales Tax (8.25%)	0.326	0.322	0.126	0.326	0.125	1.225
Total	\$ 4.279	\$ 4.228	\$ 1.654	\$ 4.278	\$ 1.639	\$ 16.078
Maintenance of New CT Scanners <sup>(B)</sup>	2.982	2.982	1.491	2.982	1.491	11.928
Expiration of Maintenance on Old CT Scanners <sup>(C)</sup>	(4.017)	(3.126)	(2.042)	(2.712)	(1.863)	(13.760)
Construction <sup>(D)</sup>	1.560	1.609	0.740	1.687	0.729	6.325
Transition <sup>(E)</sup>	0.420	0.420	0.260	0.420	0.260	1.780
Contingency <sup>(F)</sup>	1.079	1.076	0.436	1.097	0.432	4.120
Total Cost	<u>\$ 6.303</u>	<u>\$ 7.189</u>	<u>\$ 2.539</u>	<u>\$ 7.752</u>	<u>\$ 2.688</u>	<u>\$ 26.471</u>

	Cost by Fiscal Year					
	H/UCLA	K/DMC	RLA	OVMC	HDHS	Total
FY 05-06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 06-07	7.338	7.333	3.090	7.482	3.060	28.303
FY 07-08	(0.145)	(0.113)	(0.075)	(0.098)	(0.069)	(0.500) <sup>(G)</sup>
FY 08-09	(0.437)	(0.340)	(0.227)	(0.295)	(0.207)	(1.506) <sup>(G)</sup>
FY 09-10	(0.366)	(0.269)	(0.156)	(0.224)	(0.136)	(1.151) <sup>(G)</sup>
Subtotal	\$ 6.390	\$ 6.611	\$ 2.632	\$ 6.865	\$ 2.648	\$ 25.146
FY 10-18	(0.087)	0.578	(0.093)	0.887	0.040	1.325 <sup>(H)</sup>
Total	<u>\$ 6.303</u>	<u>\$ 7.189</u>	<u>\$ 2.539</u>	<u>\$ 7.752</u>	<u>\$ 2.688</u>	<u>\$ 26.471</u>

<sup>(A)</sup> Purchase price includes a two year warranty.

<sup>(B)</sup> Reflects a three year maintenance agreement beginning in FY 09-10 with two, two year extensions at a cost of \$1.704 million per year for all years.

<sup>(C)</sup> Reflects elimination of maintenance, lease, and film/CD/DVD costs beginning in FY 07-08 once the new CT scanners are operational through the term of the maintenance agreement including the extensions.

<sup>(D)</sup> Design, construction, and testing of equipment to begin in FY 06-07 and end in FY 07-08.

<sup>(E)</sup> Reflects the rental of mobile CT scanners and the archival of CT scans.

<sup>(F)</sup> Reflects 1) a contingency of 20% of the equipment purchase cost, and 2) contingencies on construction costs of a) 15% of the base design & construction cost, and b) 5% of total construction costs including allowances for move management, Americans with Disabilities Act compliance and miscellaneous costs (asbestos abatement, etc.), based on industry averages.

<sup>(G)</sup> Reflects maintenance cost savings beginning in March 2008 resulting from the two year warranty included in the purchase price of the equipment.

<sup>(H)</sup> Reflects a net cost of approximately \$0.2 million per year in maintenance costs when the ongoing maintenance agreement is compared to the current maintenance and services & supplies costs through October 2018.